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STATE PASS TO OPIC - BARBERA BRERETON
TREASURY FOR OASIA
SINGAPORE FOR FINATT BLEIWEIS

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: EFIN ECON EINV ELAB TH
SUBJECT: Thailand: OPIC-supported Investment Fund

REF: STATE 95170

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¶1. (SBU) In response to reftel request for comments regarding the OPIC-supported Global Renewable Energy Investment Fund Program and the USRG Emerging Market Fund in particular, Post reviewed the Thai government's energy development strategy and confirms that the program and fund in question are compatible with the strategy.
(Note: The Abhisit government's energy development strategy involves five prongs: intensify energy development for greater self-reliance, elevate alternative energy policy on the national agenda, monitor and structure energy prices to keep them stable and affordable, promote energy conservation and efficiency, and encourage clean energy procurement and consumption. End Note.)

¶2. (SBU) Post believes there remains a need for capital to support energy development in Thailand in line with this strategy. Despite the Bank of Thailand and the Thai government's encouragement of private sector lending, commercial bank loan growth remains static. As a result, the business community, especially small and medium enterprises, would benefit from alternative sources of capital. With regard to other sources of funds, while multilateral banks could make them available (such as through soft loans to Thai state-owned enterprises (SOEs) including the Electricity Generating Authority of Thailand (EGAT)), such a practice is not common. With regard to the local reputation of the prospective fund manager, a representative of the Thai Securities Exchange Commission told us September 23 that they are not familiar with the manager. Post is also not familiar with the manager.